

40th ANNUAL MEETING



2012 ANNUAL REPORT

MEETING:

**FRIDAY, MARCH 8, 2013
AT 6:00PM**

**2440 E RAND ROAD
ARLINGTON HEIGHTS IL 60004**



40th Annual Meeting

March 8, 2013

METRO Federal Credit Union
2440 E Rand Road
Arlington Heights, Illinois

Meeting Agenda

- A. Call to Order—6:00 P.M.
- B. Approval of Minutes
39th Annual Meeting Held March 2, 2012
- C. Chairman's Report— Sue E. Gwinnup
- D. President's Report — Richard A. Marra
- E. Supervisory Committee Report — Bob Doran
- F. Election of Directors (Acclamation Vote)
- G. Old Business
- H. New Business
- I. Adjournment



Minutes of the 39th Annual Meeting Held March 2, 2012

The 39th Annual Meeting was called to order by Chairman, Susan Gwinnup at 6:00pm in the credit union facilities at 2440 East Rand Road, Arlington Heights, Illinois.

Approval of Minutes

Kevin Gwinnup initiated a motion to approve the minutes of the 38th Annual Meeting as presented. Ann Kavanaugh seconded this motion which was voted without discussion and approved by unanimous vote.

Chairman's Report

Susan Gwinnup welcomed attending members to the 39th Annual Meeting and highlighted stable 2011 financial results which were consistent with the previous year. While industry wide competition for shrinking levels of consumer business was intense, METRO's financial position remained secure. For the entire year, aggregate deposits fell approximately 2.50% while loans outstanding grew nearly 9.0%. METRO's nominal \$5,000 net profit was achieved notwithstanding over \$200,000 in extraordinary loan losses and regulatory assessments.



President's Lending Report

METRO's lending business demonstrated a moderate improvement during 2011. New loans written nearly doubled from 2010 with 5.2 Million in new credit approved during the year and total loans outstanding increasing approximately 9% to \$15.7 Million. Lending performance was mixed with average delinquency rates falling below 1.50% but aggregate yield (income) on loans shrinking to 6.50%.

Supervisory Committee Report

Bob Doran summarized the results of the 2011 Supervisory Audit conducted by Desmond & Ahern, CPAs and the periodic surprise audits the committee itself performed. 2011 audit results confirmed that METRO continued to operate on a sound basis emphasizing safety and financial control.

David Schultz initiated and Lisa Kruzel seconded a motion to accept the 2011 Financial and Supervisory Committee Reports as presented. This motion, which was voted without discussion, was unanimously approved.

Election Results

Dick Marra confirmed that since only two candidates applied for two Director's positions available in 2012, only a voice vote confirming their election was required. Kevin Gwinnup initiated a motion and Ann Kavanaugh seconded a motion to elect the announced candidates. This motion was accepted by acclamation; Larry DeLegge and Dean Stewart were certified for three year terms beginning in 2012.



Old Business

No old business was introduced for discussion.

New Business

No new business was introduced for discussion.

Adjournment

Susan Gwinnup polled members regarding any additional business for discussion; none was introduced.

David Schultz initiated a motion to adjourn the meeting which was seconded by Kevin Gwinnup. This motion was accepted by voice vote. Susan Gwinnup adjourned the meeting at 6:25 pm.

Respectfully submitted,

Donna Wilson, Secretary

Certified as correct,

Susan Gwinnup, Chairman



Chairman's Report

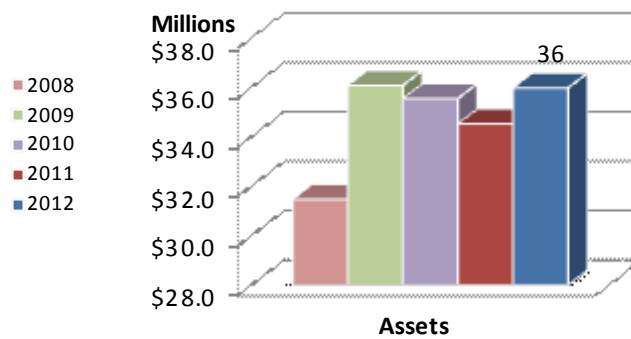
Susan Gwinnup

METRO's operating results in 2012 improved somewhat over the previous year in many respects. While economic and political uncertainty continued to weaken the business environment, METRO's financial position remained secure. For the entire year, aggregate deposits grew approximately 1.3% while loans outstanding increased over 10%. For 2012, METRO realized its healthiest earnings in four years posting a \$33,000 net profit by year-end.

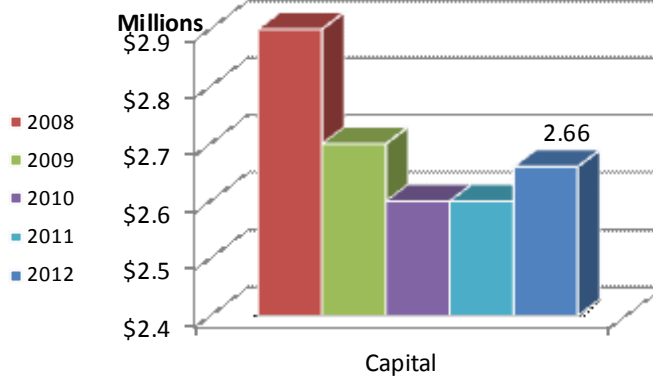
While we anticipate that regulatory assessments and extraordinary loan charges will remain elevated for several more years, we will continue to provide the lending resources our members rely on to achieve their financial goals. Along with continuing attention to serving our members, METRO will continue to concentrate on maintaining and increasing its capital reserves and upgrading its system technology during 2013.



CHANGE IN ASSETS



CHANGE IN CAPITAL





President's Report

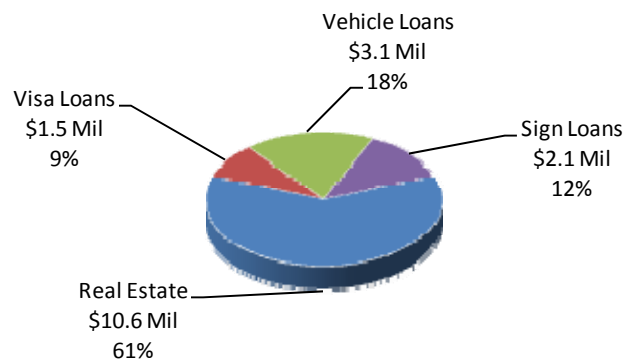
Richard Marra

METRO's lending business demonstrated encouraging improvement during 2012. New loans written grew 15% over 2011 levels with \$6 Million in new credit approved during the year. Total loans outstanding by year-end grew over 10% to \$17.4 Million. Lending performance was mixed with average delinquency rates falling below 1.00% but aggregate yield (income) on loans shrinking 30 basis points to 6.21%.

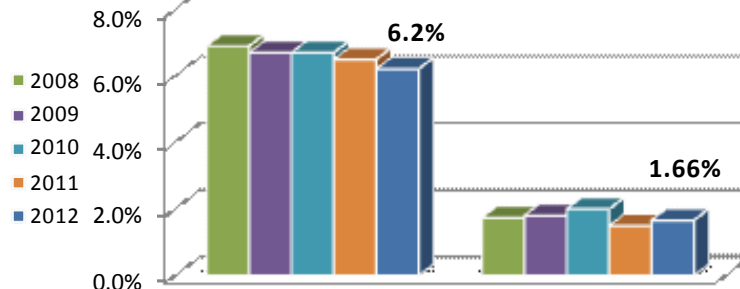
	2008	2009	2010	2011	2012
Loans Outstanding (Millions)	\$16.4	\$16.4	\$14.4	\$15.7	\$17.4
Net Loan Yield (Interest Earned)	6.9%	6.7%	6.7%	6.5%	6.2%
Delinquency Ratio	1.7%	1.8%	2.0%	1.5%	0.9%



2012 LOANS OUTSTANDING



LOAN YIELD DELINQUENCY RATIO





Supervisory Committee Report

Bob Doran

METRO's most recent Supervisory Committee Audit has re-confirmed that METRO continues to place a high priority on safety and control. During 2012, the Supervisory Committee engaged the Firm of Desmond and Ahern to conduct its annual examination. Based on their CPA review and its own assessments, the Supervisory Committee concludes that:

- ▶ **METRO's financial condition remains healthy and sound.**
- ▶ **METRO's financial statements and records accurately represent members accounts and the credit union's financial position.**
- ▶ **Management policies and procedures are adequate to provide a superior level of security for member assets.**

**METRO FEDERAL CREDIT UNION
STATEMENT OF CONDITION
DECEMBER 2012**

ASSETS

LOANS TO MEMBERS	\$	17,360,922
INVESTMENTS		12,844,995
OTHER ASSETS		5,765,634
TOTAL ASSETS	\$	35,971,552

LIABILITIES

LIABILITIES	1,254,357
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MEMBERS EQUITY & RESERVES

MEMBER SHARES	\$	32,050,773
RESERVES		2,666,422
TOTAL RESERVES		34,717,195

LIABILITIES, MEMBERS EQUITY & RESERVES	\$	35,971,552
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**STATEMENT OF INCOME
DECEMBER 2012**

INCOME

INCOME FROM LOANS	\$	1,017,972
INVESTMENT INCOME		326,457
FEES AND CHARGES		242,448
MISCELLANEOUS INCOME		8,762
TOTAL INCOME	\$	1,595,637

EXPENSES

EMPLOYEE COMPENSATION AND BENEFITS	\$	714,661
PROFESSIONAL AND OUTSIDE SERVICES		256,908
OFFICE OCCUPANCY EXPENSES		307,430
OTHER OPERATING EXPENSE		27,178
TOTAL OPERATING EXPENSES	\$	1,306,777

DIVIDENDS ON SHARE DEPOSITS		19,932
PROVISION FOR LOAN LOSSES		236,301
TOTAL EXPENSES		1,563,010

NET INCOME (LOSS)	\$	32,628
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DIRECTORS

Board Chairman	Sue Gwinnup
Vice-Chairman	Roger Mueller
Treasurer	Dean Stewart
Secretary	Donna Wilson
Director	Ed Geiss
Director	Ted Loesch
Director	Larry DeLegge

SUPERVISORY COMMITTEE

Chairman	Bob Doran
Member	Steve Lane
Member	Merilee McCracken
Member	Lynda Neuner

MANAGEMENT

President	Richard Marra
Vice-President	Salvatore Fragale
Operations Officer	Danielle Gross
Loan Officer	Kasey Smith

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